



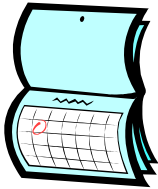
## SECTION 7

# Capital Expenditures

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## 7.1 Reappropriations

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Many capital projects and acquisitions require more than one biennium to complete, yet the state Constitution allows appropriation for only one budget period or biennium at a time. Consequently, some project funding must be carried forward into the next biennium. Current requirements call for agencies to “reappropriate” the anticipated unexpended balance of an appropriation at the end of the biennium as a specific capital budget action in subsequent biennia capital budget bills.

Agencies are responsible for identifying all appropriations within the 2003-05 Biennium that will be requested as reappropriations in the 2005-07 Biennium. Project numbers, appropriation codes and descriptions must be retained to provide reasonable tracking of cost and identification of June 30, 2005 unexpended balances. Agencies are required to complete a C2 form, as well as the CBS entry, for each reappropriated project. Include the project in the C1 (Ten-Year Capital Plan Program Summary), and estimate the reappropriation amounts using the actual expenditures as of June 30, 2004. OFM and the Legislature will request periodic updates as budgets are being developed. Overlooked reappropriations will not be eligible as unanticipated receipts, except under extraordinary circumstances.

### Reappropriation rules for capital projects

As a rule, minor works projects are considered small and should be completed within the biennium in which they are first requested. To be reappropriated, minor works projects will need individual justification as to why they could not be completed within two years. *Preservation* projects first appropriated in the 2001-03 Biennium and before may not be reappropriated in the 2005-07 Biennium. *Grants and program* projects older than the 2001-03 Biennium may be reappropriated in the 2005-07 Biennium on a case-by-case basis. Emergency funding will not be reappropriated. Agencies should contact their OFM capital budget assistant for guidance.

## 7.2 Lapsing Appropriations

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There is a limited amount of resources available to meet many capital budget needs. When projects have been completed under budget or are indefinitely stalled for any reason, the appropriation for the project should be “lapsed” to free up the resources to meet other project needs. For this reason, agencies are asked to report savings from completed projects and funding for projects that cannot move forward. The funding for these projects will be lapsed at the end of the 2003-05 Biennium. When issues that have stalled projects have been resolved, the project may be resubmitted in a future biennium.